

CHAPTER 3 - NCLB COSTS

Issues Involved in Estimating NCLB Costs

As indicated in our Purpose and Scope of Review statement at the beginning of this report, there are so many variables and unknowns that we cannot reasonably estimate what it will cost the State and local school districts of SD to fully implement NCLB. That being said, NCLB will likely have a significant fiscal impact on SD's educational system over the next decade based on (1) our research and review of other cost studies on NCLB, (2) discussions with local school district business officers and SDDOE staff, and (3) our superintendents' survey.

The State of Minnesota's, Office of Legislative Auditor report entitled *Evaluation Report- No Child Left Behind* stated that "Identifying and estimating NCLB-related costs is very challenging and can be quite subjective." It went on to report:

1. "The existing information system provided a limited basis for attributing state and local expenditures to NCLB.
2. Many NCLB-required activities have not yet been undertaken.
3. State and district officials had a difficult time deciding which costs to attribute to NCLB."

These same issues exist in SD. The SD school accounting system does not track NCLB expenditures separately. Because NCLB is only in its second year, many of the costs relating to school choice, transportation, supplemental educational services, corrective action and restructuring are just beginning to be encountered by schools in need of improvement. School officials also have a difficult time deciding what activity or part of an activity can or would be attributable to NCLB versus pre NCLB requirements.

There is also a difference in what types of costs are being measured. Attempting to determine the dollar cost of compliance with the requirements of NCLB is different than attempting to determine the costs of achieving the goals of NCLB. For example, costs incurred: to align the state's assessments with the educational content standards; reporting the results of the assessments to the parents of the children; sending letters to parents of children in schools in need of improvement; transportation of school choice children; and, professional development of teachers are examples of costs incurred by states to comply with the requirements of the law. If a state does not do these items, the Secretary of the USDOE can withhold a percentage or all of the administrative funding a state was allocated. On the other hand, costs incurred to achieve the goal of the NCLB, (all children being proficient in math and reading by 2013-2014), include such things as: hiring more highly qualified teachers; new technology; realigned curricula; restructured schools; new staff and management; etc. If a school or state does not achieve the goals of NCLB, there are no likely federal fiscal ramifications as long as the district and school are doing something to improve student proficiency. The Act itself states:

SEC. 9527. PROHIBITIONS ON FEDERAL GOVERNMENT AND USE OF FEDERAL FUNDS.

- (a) GENERAL PROHIBITION- Nothing in this Act shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's curriculum, program of instruction, or allocation of State or local resources, or mandate a State or any subdivision thereof to spend any funds not paid for under this Act or incur any costs.

The State has a constitutional responsibility to provide a uniform system of schools free of charge to secure its people the opportunities and advantages of education. In compliance with the requirements of IASA prior to the NCLB Act, SD had established a definition of AYP for Title

I schools that included 5% annual growth in reading and math proficiency for grades 4, 8, and 11. Although this was set for Title I schools, the constitution requires a uniform system of education for the State. Arguably then, our system of education should have been expected to produce 5% improvement in math or reading proficiency for all students annually and that eventually (albeit perhaps not on the same time table as NCLB) our proficiency levels would have approached 100%. Ironically, if you take our 2003 AMO for K-8 math of 60% (under NCLB) and improve this by 5% per year (the old IASA goal), you end up with 100% proficiency in 2014 the same goal as NCLB itself.

The point here is that in order to compute the costs of achieving NCLB's goals, you first have to determine what the State's own goals were and then attribute the cost of getting from that point to 100% proficiency as the cost of NCLB. Since there were no stated proficiency goals for all students in SD prior to NCLB that we are aware of, there is no cost base from which to build the additional costs to be attributed to achieving the goals of NCLB.